

2007 REPORT TO LEGISLATURE AND GOVERNOR ON ENDOW IOWA AND COUNTY ENDOWMENT FUND

ENDOW IOWA TAX CREDITS

Endow Iowa Tax Credits are state tax credits provided to individuals or businesses that donate to permanent endowment funds at qualified community foundations or community affiliate organizations serving the communities of Iowa. The Iowa Code (15E.305(2)) authorizes \$2 million, plus a very small percentage (less than 1/10 of 1%) of state gambling revenues, for Endow Iowa Tax Credits annually.

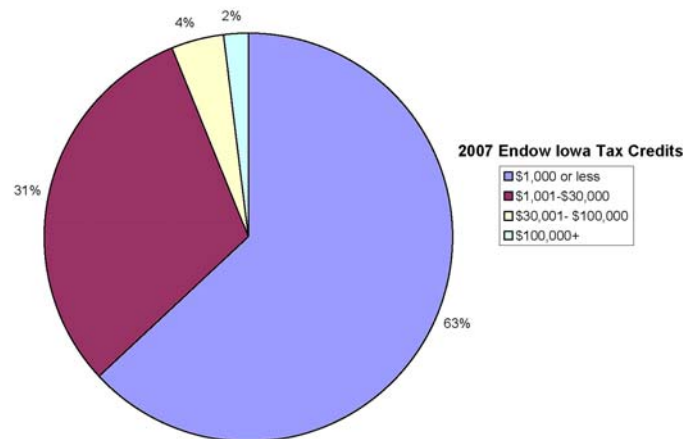
The following is a summary of the credits awarded in calendar year 2007:

- \$2 million in Endow Iowa tax credits were awarded;
- The tax credits leveraged more than \$10 million in charitable giving;
- The \$10+ million in donations went to at least 51 different community foundations and/or community affiliate organizations;
- The \$10 million in donations was comprised of 1,040 separate donations.

The individual donations can be further categorized as follows:

Donation Amount	2007 Donations	2006 Donations	2005 Donations
\$1000 or less	656	424	213
\$1001 - \$30,000	319	177	181
\$30,001 - \$100,000	45	36	37
\$100,000 +	20	18	18
Total Donations	1,040	655	449

The percentage of gifts based on the donated amount results in the percentage breakdown as follows:



It's interesting to note that the most significant increase was found in the smaller donations (\$1,000 or less) from 2005 to 2006, and in 2007 the largest increases were in the two smallest categories; yet, each donation amount category saw an increase from 2006 to 2007.

Of the 1,040 total donations, 73 were from business establishments (corporations) or from financial institutions. The remaining 967 donations were from individual donors.

The legislation requires that at least 10% of the donations be in amounts of \$30,000 or less. Dividing the donations into categories of less than or more than \$30,000 gives the following:

- \$2,882,629 (28%) of the donations were made in individual donations of \$30,000 or less;
- \$7,217,355 (72%) of the donations were made in individual donations of more than \$30,000.

ENDOW IOWA GRANTS

SF 2311 of the 2004 Legislative Session directed the IDED to select a Lead Philanthropic Entity that would then award Endow Iowa Grants to new and existing qualified community foundations and to community affiliate organizations. HF 809 of the 2005 Legislative Session provided \$50,000 in FY '07 for Endow Iowa Grants pursuant to Iowa Code section 15E.304.

The IDED selected the Iowa Council of Foundations (ICoF) as the Lead Philanthropic Entity. The ICoF undertook an extensive application and review process to select the final grant recipients. A maximum grant award amount of \$25,000 per recipient was established, and the decision was made to give a priority in consideration to recently-established community foundations and/or community affiliate organizations. A minimum matching requirement of \$1 of private donation for each \$1 of grant award was also established. In 2007, the ICoF reported approximately \$200,000 in matching funds (donations) were raised by the 5 organizations that applied for grant funds. A Review Committee was organized for the purpose of evaluating the grant requests. After the complete review and evaluation process, three (3) awards were made to the following community foundations and/or affiliate organizations:

- Hardin County Community Endowment Foundation (\$20,000)
- Kossuth County Community Foundation (\$10,000)
- Story County Community Foundation (\$20,000)

The Iowa Council of Foundations collected a summary report from the three recipients on January 1, 2008. Each community foundation was asked to submit a reflection on the progress they have made on various efforts to grow community based philanthropy in their area. Below are excerpts from the Endow Iowa reports that were collected.

Hardin County Community Endowment Foundation:

"We're very pleased to have exceeded our endowed assets goal to a total of \$231,071.20 to date. I am very pleased to say that another \$20,000 in endowed assets have been added and on Friday, December 21, the foundation signed a fund agreement for an additional \$100,000 in endowed assets. Our board members are stepping up to the plate to carry out responsibilities to achieve all of our foundation goals. Board members are creating marketing materials, speaking to groups in our communities, taking pictures of grant recipient projects, representing the foundation at county events, doing radio shows, putting together mailings to prospective donors, and opening doors for personal donor visits. The Hardin County Community Endowment Foundation also took the lead this year to engage the public -- as well as 5 other community-based foundations -- through a wide-ranging educational campaign, which promotes local investment and endowment building in Hardin County."

Kossuth County Community Foundation:

"In our (Endow Iowa) grant application, a broad program to promote growth in all types of funds was outlined and to date we have been most successful in establishing field of interest, agency and designated funds (current pledges and gifts are expected to total over \$580,000 in 2008). In a strategic planning session this fall, the KCCF Committee decided, in response to receipt of the Endow Iowa Grant and the stimulus it provided, to strengthen and place more emphasis on efforts to promote and grow the unrestricted, permanent endowment fund (current pledges and gifts- not including County Endowment Funds or Endow Iowa Grant funds- are expected to total over \$25,000 in 2008). Certainly one of the most encouraging signs for the KCCF and a confirmation of credibility, community acceptance and support has been recent reports from attorneys stating that they have had clients specifically ask about designating KCCF in their estate and charitable giving plans. This has included a significant inquiry and request for information from an out of state individual; also, we are aware of at least one significant planned gift that will be received by the KCCF."

Story County Community Foundation:

"With the help of the Endow Iowa Grant, we accomplished our goal of reaching \$100,000 in our unrestricted endowment fund in 2007; currently, we have \$121,549. This is well on our way to our 5 year goal of \$300,000. We are also pleased that we have been notified that the Story County Community Foundation is included in two wills; thus, we have accomplished another goal. The SCCF now consists of twenty five funds including five donor advised funds (totaling \$182,237), eighteen agency funds and our own pass-through and endowment fund. The aggregate of our funds is \$769,127 including County Endowment Fund and Endow Iowa dollars. In addition, we are in the process of receiving a \$200,000 bequest to benefit the Nevada Public Library Fund and establishing another donor advised fund. The availability of the Endow Iowa Tax Credits has caught the interest of donors who have never given to support these agencies in the past. It is definitely bringing new money into our agency endowment funds."

COUNTY ENDOWMENT FUND

The County Endowment Fund was established by HF 2302 in the 2004 Legislative Session. While functionally it is separate from the Endow Iowa Program components, the goal is similar- to build the community foundation structure in local communities to ultimately encourage additional philanthropy throughout Iowa.

The Iowa Legislature created the County Endowment Fund Program by providing one half of one percent (0.5%) of the state's commercial gaming tax revenue to support the initiative resulting in \$6,809,559 available for Community Foundations or Community Affiliate Organizations throughout Iowa in 2007. Three percent of that total amount (approximately \$204,000) was provided to the Iowa Council of Foundations for activities in support of the program and community foundation work. Approximately \$6.6 million was then distributed among 85 Community Foundations and/or Community Affiliate Organizations; each of the 85 organizations received \$77,709 through this program. Of that amount, the legislation requires that each organization put 25% (approximately \$19,000) into a permanent endowment fund, and distribute the other 75% (approximately \$58,000) to charitable causes and/or organizations in their service area.

The distribution of County Endowment Funds to the community foundations in 2007 occurred in August. The timing was such that most of the recipients have not yet made awards of the 75% portion of the funds; however, we now have complete information on the results of the second year's distribution of funds (in October of 2006, \$67,250 was provided to each organization). **The summary provided on the County Endowment Fund Program in this report reflects the grants awarded with the dollars distributed to the Community Foundations in October of 2006.**

Most of the 85 organizations referred to above were formed as a direct result of the impetus provided by the County Endowment Fund program. Each of the organizations has a governing body comprised of 5 or more community leaders or advocates for local philanthropy with many of the organizations having 10 or more members. The formation of these organizations has thus resulted in more than 1,500 local community leaders becoming involved in the community foundation arena throughout the state. This extent of local engagement and leadership is a benefit that can be added to the financial growth of the community foundation organizations.

Grant Awards Snapshot:

The Iowa Council of Foundations and the Iowa Department of Economic Development began collecting reports in August of 2007 from each of the 85 community foundations involved in the 2006 County Endowment Fund Program; the responses indicated that the organizations were immediately making an impact in their local communities through grantmaking as well as awareness building and asset development. According to the reported information, the volunteers serving on these community foundation governing bodies collectively reviewed 2,532 grant applications totaling approximately \$14.5 million in grant funding requests; collectively in Iowa, the community foundations had approximately \$4.3 million available to award in the County Endowment Fund Program. (Please note: the summary provided on the County Endowment Fund Program reflects the grants awarded with the dollars distributed to the Community Foundations in October of 2006.)

The County Endowment Fund grants awarded by the local community foundations reached into all areas of charitable need. In the reports, the community foundations were required to note whether a funded project was a **capital** or **program** based award; in addition, each grant also was to be listed as falling into one of the following focus areas: *Arts/Culture/Humanities, Education, Environment/Animals, Health, Human Services, Public/Society Benefit, or Other.*

The specific allocation noting program and capital projects based on each funding focus area is illustrated on **Chart A**. When figuring program and capital based grants, the community foundations reported that 62% of total County Endowment Fund grants were awarded to capital based projects with 38% awarded to program aspects of projects (**Chart B**).

Chart A. Dollar Amount of All County Endowment Fund Grant Awards in Iowa

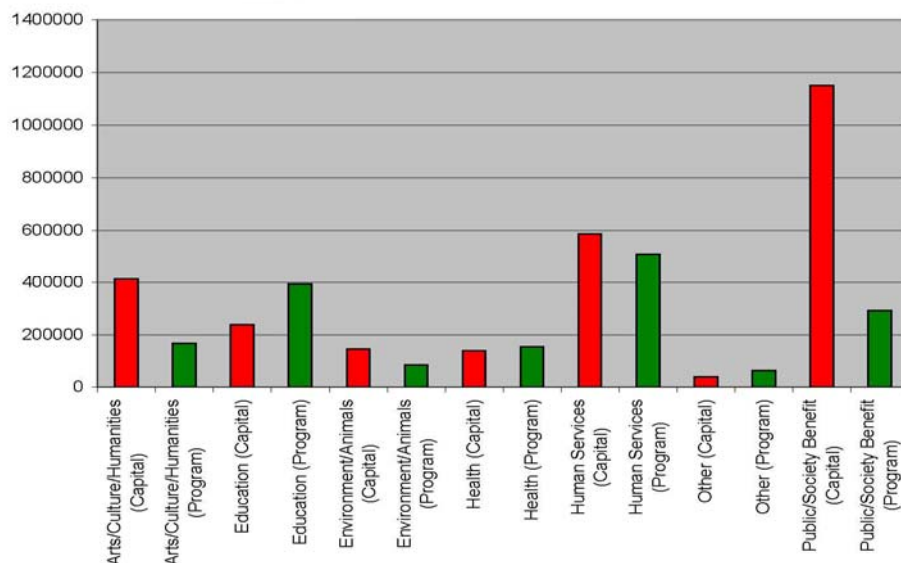
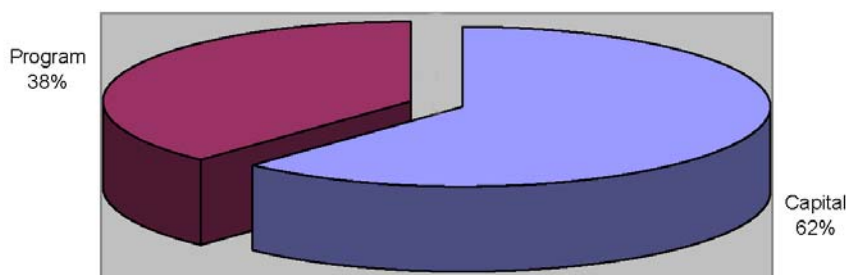


Chart B. Capital and Program Related Grants

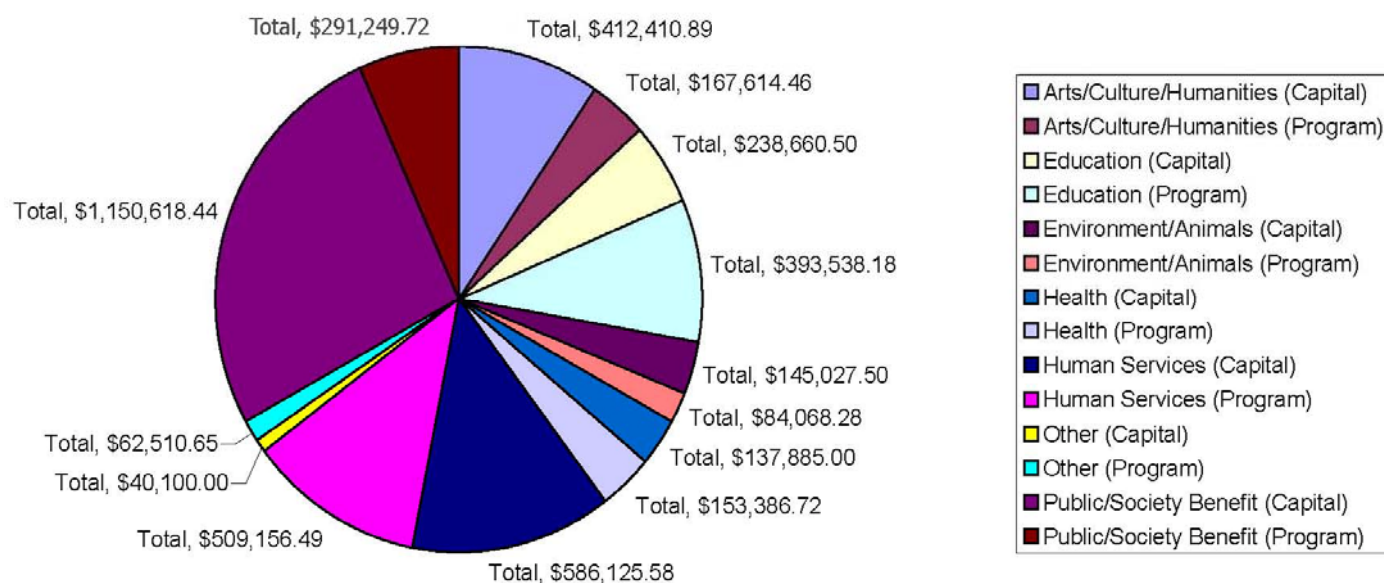


Taking an even closer look at the allocation from the County Endowment Fund Program grants among the focus areas reveals a wide range of impact, which reflects the community foundations' purpose of being broad and flexible to address changing community needs. When considering all dollars distributed, the following outlines the percentages of total funding granted to each focus area:

- Arts/Culture/Humanities 13% (capital= 9% and program= 4%),
- Education 14% (capital=5%, program=9%),
- Environment/Animals 5% (capital=3%, program=2%),
- Health 7% (capital= 3%, program= 4%),
- Human Services 25% (capital= 13%, program= 12%),
- Public/Society Benefit 34% (capital= 27%, program= 7%),
- and Other 2% (capital= 1%, program= 1%).

Chart C provides the breakdown including the specific dollar amount funded in each category/focus area from the County Endowment Fund Program.

Chart C. Grant Dollar Amount Based on Category and Focus Area



The breakdown of the County Endowment Fund grants awarded by each of the 85 community foundations involved in the program will be listed in a joint publication being produced by the Iowa Council of Foundations and the Iowa Gaming Association to be distributed in early 2008. The complete listing of the 1,633 grants awarded in 2007 is also available through the Iowa Council of Foundation's website for Iowa Community Foundations specifically located at www.IowaCommunityFoundations.org/RecentGrants. Additionally, the information is on file at the Iowa Department of Economic Development- Community Development Division.

TRAINING, MARKETING, AND INFORMATION SHARING

Training, information sharing, networking and learning in the field were once again offered in numerous ways in 2007. As the movement grows, the opportunity for additional education, awareness, and networking becomes even more important; to this end, projects and programs are being developed by the Iowa Council of Foundations to continue to offer support to the community foundation and affiliate organizations across the state. (For more information about the Iowa Council of Foundations, its work with community foundations, a complete list of members, or to obtain information on joining, please visit www.IowaCouncilofFoundations.org.)

Host Community Foundations once again provided individualized learning and/or large group opportunities for the affiliates with whom they work; some held regional meetings, quarterly meetings, or one-on-one opportunities for learning. Collectively, there were numerous opportunities hosted by the Iowa Council of Foundations for community foundations to learn and share the power of community based philanthropy as well as continue the process of educating the broad community about the impact of community foundations in Iowa. Some projects that began in 2007 will continue into 2008 and beyond. Below are highlights from some of those opportunities.

The Iowa Council of Foundations (ICoF) continued to work with both host community foundations and affiliates to provide applicable training and materials to assist the largely volunteer-based affiliate organizations. The ICoF worked directly with host community foundations in networking them together through shared materials and documents that aimed to increase the individual foundations' effectiveness in working with their affiliate community foundations. In particular, the host community foundations had an opportunity for discussion and dialog with a community foundation and endowment building consultant asking questions and brainstorming ways to continue to support this exciting movement. The Iowa Council of Foundations continued its focus on assisting local community foundation affiliates in articulating and sharing the message of their important work. A focus this year was moving beyond grantmaking to encouraging endowment building and asset development.



Growing Your Community Foundation- The Soil, The Seeds, and The Sowing

The Iowa Council of Foundations hosted an Endowment Building Training Session (*"Growing Your Community Foundation- The Soil, The Seeds, and The Sowing"*) through the Iowa Communications Network (with assistance from the Iowa Department of Economic Development). This session brought in an endowment building and community foundation consultant who then presented the session a total of six times over a two day period-reaching a total of 20 sites across Iowa. The ICoF recorded the training sessions to allow access to the information as new volunteers and staff members enter into the community foundation movement. Hosting the session over ICN provided an opportunity for learning while not requiring a great amount of travel for volunteers. Session evaluations showed positive feedback both in content as well as delivery.

"Thanks for organizing these seminars. This also brought us together for a professionally led discussion."

"All of the information from ICoF is helpful as we are getting started."

"Thanks for offering the opportunity to participate without traveling a long distance."



A Board Game for Endowment Building

Continuing to provide education on asset development, the Iowa Council of Foundations produced the first in a series of training cards aimed at assisting local governing body members in their familiarity with the practices and opportunities within their local community foundations. The training cards are presented as a "Board Game" providing commonly asked questions as well as responses that assist volunteers and staff in becoming comfortable with sharing the exciting news about community based philanthropy. The first set of cards, "A Board Game for Endowment Building," offers 30 scenarios with answers as well as 20 blank cards for local community foundations to develop their own commonly asked questions.

An example of one of the training cards:

Question: "The board has decided to raise money for the unrestricted fund so they can have more grantmaking funds. What are some of the reasons donors might consider making an unrestricted gift?"

Suggested Answers: "1) Things change and the board will always be composed of community people who understand current needs. 2) The foundation needs to be able to respond quickly when a need or opportunity arises. 3) Unrestricted funds allow the board to look at the most pressing community needs and not a narrow focus."

The cards are being used in a variety of ways; one-on-one conversations between current board members and new members, large group discussions at board meetings and training, and as part of regular board education at meetings. Here is one way the cards are being used by a community foundation affiliate. *"Board members have been using the new Iowa Council of Foundations' Board Game for Endowment Building at each monthly Foundation board meeting. Members choose 2 cards and read one of the questions to share with the board members."* In early 2008, the Iowa Council of Foundations will release the second in the series of training cards covering leadership issues related to community foundations.



Engaging the Governing Body- Ideas to Motivate Members to Action!

The Iowa Council of Foundations also hosted a session on strategies for engaging members of the governing body (Engaging the Governing Body- Ideas to Motivate Members to Action!). The ICoF worked with Dr. Jude West from the Iowa Nonprofit Resource Center to hold these half-day sessions in four locations across the state- Grinnell, Storm Lake, Waverly and Winterset.

The session covered a variety of topics including leadership skills and strategies, qualities of effective board chairs, motivation, goal setting, generational differences, strategies for successful communication, dealing with conflict, recruitment of the right governing body members, and a facilitated discussion around issues important to the participants. The

sessions were video taped to allow those unable to attend an opportunity to hear the information. Session evaluations showed positive feedback both in content as well as delivery.

"Thank you- I wish I could have had a dozen of my fellow board members here!!"

"Very beneficial- thank you!"

"I liked that they were satellite in different areas of the state"



National Training and Education Opportunities

The Iowa Council of Foundations extended an opportunity to community foundations/affiliates to receive conference support to attend one of two national training and educational events related to community foundations and rural philanthropy.

The first of the two opportunities was the Council on Foundations' *Creating the 21st Century Agenda for Philanthropy & Rural America* conference in Missoula, Montana August 7-9, 2007. The second opportunity was to attend the Council on Foundations' Fall Conference for Community Foundations in San Francisco, California September 16-19, 2007.

The ICoF extended the opportunity to seven representatives of the Community Foundation field. In addition, the ICoF Director represented the community foundation movement in Iowa on the planning committee for a day-long pre-conference session about affiliate community foundations at the Fall Conference for Community Foundations. Several of the Iowa representatives also attended this session to learn and network with others across the country working with and as affiliate community foundations.

Feedback from the participants receiving support to attend the conferences was extremely positive:

"Thank you again for the opportunity from the Iowa Council of Foundations to attend the fall conference. I have brought home some ideas for our board to consider and have already put together a marketing piece/ newspaper tab that incorporated themes and ideas from the annual reports that I picked up. The sessions were informational, and gained new understandings and "thinking outside the box" ideas that will help our foundation grow locally."

"Spending time with everyone from Iowa was fun and an opportunity for me to get to know individually better or meet foundation leaders for the first time. We all have a strong passion and appreciation for community development through the power of philanthropy and I'm privileged to work with our donors, nonprofits and financial advisors to advance that mission."

"Thanks to the Iowa Council of Foundations for the opportunity to participate in the conference. There is no way the small foundations could do it without your help."



Professional Advisor Seminars

The Iowa Council of Foundations hosted an educational opportunity for professional advisors (attorneys, CPAs, financial planners, etc.) across Iowa through the Iowa Communications Network (with assistance from the Iowa Department of Economic Development) in December. The session provided CLE (Continuing Legal Education) credit and was offered at 13 sites across the state on Dec 11, 2007 and five locations on December 21, 2007. The ICoF brought in a presenter who covered topics such as charitable gift planning mistakes to avoid, ethical considerations in charitable gift planning, Endow Iowa, and information on the charitable provisions in the Pension Protection Act of 2006.

The feedback from participants was positive and the Iowa Council of Foundations will continue to seek ways to assist local community foundations/affiliates in providing educational opportunities for professional advisors in their areas. (One such outreach

effort was a professional advisor e-newsletter that was sent to professional advisors across the state providing general information related to Iowa Community Foundations and philanthropic issues.)

*"Thank you for putting this on."
"I thought the second portion, addressing ethical issues with charitable gift planning, was very beneficial.
The example scenarios made the information more applicable."*



Pilot Staffing Support Projects

The Iowa Council of Foundations partnered with the Community Vitality Center to fund a pilot support project that would provide staffing support to community foundation affiliate organizations. Four programs were selected each with different strategies in supporting the local work of community foundation affiliate organizations.

The lessons learned from these four programs will be important to the entire community foundation field (the hosts and affiliates) as we move forward with the growth of the community foundation movement in Iowa.



Click on the image above to view the 30 second video

Marketing through a PSA

The Iowa Council of Foundations created a template for use by community foundations/affiliate community foundations across the state. This professionally produced 30 second spot provides general information about Iowa Community Foundations so it can be used "as is" on radio and TV or local community foundations can choose to use the template and add their local logo, contact information, etc.

The video has been used on local public access channels, on the radio, as introductions to community presentations, on websites, and the text has been used in a variety of ways to promote local community foundations. Click the image to the left to view the 30 second spot.



www.IowaCommunityFoundations.org

The ICof continued to work with affiliate community foundations in populating their individual website presence within the statewide www.IowaCommunityFoundations.org site, hosted by the Iowa Council of Foundations. This website serves as a "one-stop" locator for Iowa Community Foundations by offering visitors to the site a searchable map by county name, zip code or region of Iowa.

The ICof provided training sessions and training documents/booklets for both host community foundations as well as affiliates to make local changes and modifications to their content. Individual grant applications, grantee stories, donor vignettes, fund lists, report forms, and more are all available to be added on the individual pages through

the website for each local community foundation. A knowledge center has been added and an effort is underway to populate this aspect of the site for best practice sharing, marketing pieces, outreach strategies, etc.

ICof's Coordinator of Youth Philanthropic Initiatives

The Iowa Council of Foundations recently received support through the Iowa AmeriCorps State of Promise Program to bring onboard a Coordinator of Youth Philanthropic Initiatives. This new staffer has been researching youth philanthropy

initiatives across Iowa as well as throughout the country and is developing materials and outreach strategies to assist local communities and community foundations in engaging youth in philanthropic initiatives- several affiliate community foundations have already benefitted from this information. Through this position, the ICoF is also networking the existing youth philanthropy programs in Iowa that are components of local community foundations to assist in the development of the new generation of philanthropists. The ICoF provides assistance, training, and resources to communities interested in learning more about engaging youth in philanthropy in a variety of ways including one-on-one conversations and group presentations about the power of youth engagement in the field.

Professional Advisor Survey

Professional advisors constitute one of the key audiences for community foundations within the state. This past year the Iowa Council of Foundations began a project in partnership with LEAVE A LEGACY® Iowa to conduct a survey in Iowa among professional advisors to determine their collective reactions to discussing charitable giving with their clients. This joint survey will include questions specifically related to community foundations in addition to more general reflections on discussing charitable gift planning with clients. The results of the survey will then be used to help formulate future outreach strategies as well as training opportunities with professional advisor groups around charitable giving, community foundations and endowment building. The results will also assist local community foundations in better understanding how they are perceived and what types of materials may assist professional advisors in Iowa in discussing charitable giving with clients. The survey will be conducted in 2008.

Other Presentations

The Iowa Council of Foundations continued to make presentations throughout the year on the impact of community foundations, grantmaking, youth in philanthropy and the impact of the philanthropic initiatives in our state at various seminars and conferences such as the Iowa Museum Association Conference, Iowa Conference on Volunteer Service, Keep Iowa Beautiful Annual Conference, Wayne County Professional Advisor Seminar, Marshall County Community Foundation Endowment Presentation, NSFA Eastern Iowa Seminar for K-12 Foundations, Leadership Iowa, Iowa Gaming Association's Nonprofit License Holder Meeting, the University of Iowa and various community foundations and affiliate governing groups.

Community Philanthropy Academy

The Community Vitality Center of Iowa State University also organized a fourth annual Community Philanthropy Academy on behalf of several co-sponsors, including the Iowa Council of Foundations, Iowa Department of Economic Development, Iowa State University Extension, Iowa Area Development Group, and Iowa Nonprofit Resource Center. The conference on February 20, 2007 attracted 85 community leaders and local foundation governing body members from all areas of the state who participated in workshops on strategic grantmaking practices, outreach activities & marketing tools from the Iowa Council of Foundations, and leading tactics for endowment building. The CVC collaborated with the Iowa Council of Foundations to produce a power point presentation with county specific wealth transfer information for local community foundation leaders in each county which was implemented by many counties this year through local community presentations. The CVC also provided funding for philanthropy best practice and success story awards and local workshop seminars on youth involvement, strategic planning, and other philanthropy topics.

Iowa Department of Economic Development

IDED continues to administer the Endow Iowa Tax Credit Program and the County Endowment Fund program. IDED maintains information on its website relating to these programs, including Frequently Asked Questions, a Status Update on Tax Credits, Tax Credit Application Forms, and other related information. IDED has continued to serve as the convener for the Iowa Philanthropy Working Group that brings together a variety of entities to discuss and coordinate various philanthropy-related efforts and initiatives happening throughout the state. IDED works closely with the Lead Philanthropic Entity (ICoF), as well as other agencies (Iowa Nonprofit Resource Center, Community Vitality Center, etc.), to support the various philanthropic initiatives in Iowa. IDED also worked with the Iowa Nonprofit Resource Center to prepare and distribute a report entitled *The Impact of Charitable Non-Profit Organizations on the Iowa Economy and Quality of Life*; the Report was finalized early in 2007.

Additional outreach, education and information-sharing strategies are currently being planned and implemented for 2008 with the goal of continuing to grow the impact of Iowa Community Foundations and philanthropy in all areas of the state.